UMSHWATHI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2012

In terms of section 126 (1) of the Municipal Finance Management Act, I am responsible for the annual financial statements, which are set out on pages 1 to 33, and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M.V. Cebekhulu
MUNICIPAL MANAGER

30 August 2012
Date

KZN PROVINCIAL TREASURY
FISCAL RESOURCE MANAGEMENT
2012 -09- 05
MUNICIPAL FINANCE
KWAZULU-NATAL PROVINCIAL TREASURY

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GENERAL INFORMATION

SPEAKER OF COUNCIL : Cllr. N.M.N. Msomi

MEMBERS OF THE EXECUTIVE COMMITTEE

Councillor	B.M. Gwala	:	Mayor, Exco. Chairperson
Councillor	S.S. Zondi	:	Deputy Mayor
Councillor	M.J. Mkhize	:	Exco Member
Councillor	A.T. Thusi	:	Exco Member
Councillor	V.M. Mncwabe	:	Exco Member

CATEGORY OF LOCAL AUTHORITY

CATEGORY TWO (2)

AUDITORS

AUDITOR-GENERAL SOUTH AFRICA

BANKERS

FIRST NATIONAL BANK

REGISTERED OFFICE	TELEPHONE
Main Road New Hanover 3230	033 - 5020282

MUNICIPAL MANAGER

Mr. M.V. Cebekhulu

CHIEF FINANCIAL 0FFICER

Mr. R.M. Mani

MEMBERS OF THE UMSHWATHI MUNICIPAL COUNCIL

PR	:	Cllr. N.M.N. Msomi
PR	:	Cllr. S.J. Luthuli
PR	:	Cllr. R. Mungroo
PR	:	Cllr. N.R. Khanyile
PR	:	Cllr. N.A. Thusi
PR	:	Cllr. N.P. Mdunge
PR	:	Cllr. T.A. Hlatswayo
PR	:	Cllr. M.M. de Vries
PR	:	Cllr. V.M. Mncwabe
PR	:	Cllr. Z.A. Thusi
PR	:	Cllr. N.H. Hlophe
PR	:	Cllr. T.I. Gabela
PR	:	Cllr. N.L. Shabangu
W1	:	Cllr. M.P. Dlamini
W2	:	Cllr. P.M. Dladla
W3	:	Cllr. S.S. Mbhele
W4	:	Cllr. G.S. Maseko
W5	:	Cllr. G.H. Ngcobo
W6	:	Cllr. S.R.G. Gumede
W7	:	Cllr. S.M. Mbatha-Ntuli
W8	:	Cllr. B.M. Gwala
W9	:	Cllr. E.B. Mbongwe
W10	:	Cllr. M.J. Mkhize
W11	:	Cllr. A.T. Thusi
W12	:	Cllr. S.A. Duma
W13	:	Cllr. M. Goba
MAYOR	:	**Councillor B.M. Gwala**
DEPUTY MAYOR	:	**Councillor S.S. Zondi**

APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on page 10 to 32 were approved by the Municipal Manager on 30 August 2012 and presented to and approved by Council on 30 August 2012.

MUNICIPAL MANAGER
(Accounting Officer)
30 August 2012

CHIEF FINANCIAL OFFICER

30 August 2012

1. BASIS OF PRESENTATION

The Annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 9	Revenue
GRAP 12	Inventories
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Asset

GRAP statements 4, 6, 7, 8, 10, 11, 14 and 16 have not been implemented since they do not affect the operations of the municipality.

GRAP statements 18, 21, 23, 24, 26 and 103 are not being implemented since they are issued but not effective.

These accounting policies are consistent with those of the previous financial year accept for the exemptions that applied in the previous year.

These accounting policies and the applicable disclosures have been based on Standards Of International Public Sector Accounting Standards (PSAS) issued by the International Federation of Accountants-Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board, of Generally Accepted Accounting Practice issued by the South African Accounting Practice Boards and the South African Institute of Chartered Accountants' Accounting Practice Committee.

The principal accounting policies adopted in the preparation of these annual financial statements, which have been consistently applied. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standards GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 01 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the of the Housing Development Fund can be used only to finance housing developments within the municipality area subject to the approval of the Provincial MEC responsible for housing.

5. RESERVES

5.1 Revaluation Reserve

A revaluation reserve is created in the event where the values of items of property, plant and equipment are valued up. The increased amount of revaluation is credited to the revaluation reserve. Any subsequent revaluations of items of property, plant and equipment is charged against this revaluation reserve.

6. ASSETS

6.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Land is not depreciated as it is deemed to have an indefinite life.

The cost of items of property, plant and equipment acquired in exchange for a non-monetary or monetary asset, or a combination of monetary and non-monetary assets

Is measured at its fair value .If the cost cannot be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

The GRAP Standard on Impairment of Assets is applied to determine whether an item of property, plant and equipment need to be impaired.

Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income recognized is in terms of an agency agreement.

Finance income from the sale of housing by way of installment sales agreements or finance leases is recognized on a time proportionate basis.

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or, where the contribution is to finance property, plant and equipment, when such item of property, plant and equipment is brought into use.

Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

10.2 Revenue from non-exchange transactions

Revenue from property rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Penalty interest on unpaid rates is recognized on a time proportionate Basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognized when payment is received.

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognized when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognized when the recovery thereof from the responsible Councillors or officials is virtually certain.

11. CONDITIONAL GRANT AND RECEIPTS

Revenue received from conditional grants and donations is recognized as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligation have not been met, a liability is recognized.

12 PROVISIONS

Provisions are recognized when the Municipality has a present or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

Bank overdrafts are recorded based on the facility utilized. Finance changes on bank overdraft are expensed as incurred.

13 LEASES

Leases for photocopiers are recognised as operating leases and the contractual lease payments are recognised as expenses over the term of the lease.

The hire purchase agreement for the mayor's vehicle is classified as a finance lease and is recognised as an asset in the statement of financial position and the lessor is disclosed as a finance lease obligation.

14. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003), Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

15. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal System Act (Act No. 32 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. COMPARATIVE INFORMATION

17.1 Current Year Comparatives

Budgeted amounts have been included in the annual financial statements for the current and previous financial years

17.2 Prior Year Comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified.

uMSHWATHI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	2012	2011
		R	R
ASSETS			
Non - current assets		96,980,745	87,514,515
Property , plant and equipment	6	96,980,745	87,434,054
Intangible Assets	7	0	80,461
Long term receivables	8	0	0
Current assets		44,263,494	37,498,301
Consumer debtors	9	32,380,162	29,902,973
Other debtors	10	2,326,754	2,299,917
Current portion of long term debtors	8	0	0
Value added tax	5	341,033	1,299,225
Call investment deposits	11	8,623,989	3,672,541
Bank balances and cash	12	591,556	323,645
Total Assets		**141,244,239**	**125,012,816**
Non - current liabilities		20,640,891	25,363,796
Long term liabilities	2	20,153,807	25,139,486
Finance Lease Obligation	2	487,084	224,311
Current liabilities		6,579,727	13,545,900
Creditors	3	3,614,100	7,297,412
Finance Lease Obligation	2	121,771	70,711
Unspent conditional grants and receipts	4	118,143	3,926,208
Bank overdraft		0	0
Current portion of long term liabilities	2	2,725,713	2,251,569
Total Liabilities		**27,220,618**	**38,909,696**
Net Assets		**114,023,621**	**86,103,120**
NET ASSETS			
Net assets		114,023,621	86,103,120
Housing Development Fund	1	2,879,277	2,899,376
Capital Revaluation Reserve		4,619,502	4,619,502
Accumulated surplus		106,524,842	78,584,242
		114,023,621	**86,103,120**

uMSHWATHI LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

BUDGET				ACTUAL	
2011	**2012**	**REVENUE**	**Note**	**2012**	**2011**
9,691,423	11,780,000	Property rates	13	9,352,617	11,587,873
800,000	890,000	Property rates - penalties imposed and collection charges		873,068	856,182
1,400,000	1,450,000	Service charges	14	1,480,958	1,398,935
150,000	140,000	Rental of facilities and equipment		152,434	155,417
100,000	300,000	Interest earned - external investments		571,138	381,768
3,750,000	6,500,000	Interest earned - outstanding debtors		7,455,037	4,982,578
300,000	101,000	Fines		41,280	121,255
1,700,000	1,825,000	Income for agency services		1,876,463	1,968,411
44,134,000	51,470,000	Government grants and subsidies	15	51,830,073	44,744,348
156,000.00	192,500.00	Other income	16	263,417	230,593
		Capital Funding	15	18,563,285	10,844,178
		Sale of Assets		173,921	
62,181,423	**74,648,500**	**Total Revenue**		**92,633,691**	**77,271,538**
		EXPENDITURE			
26,386,799	29,615,514	Employee related costs	17	26,516,768	24,983,099
4,795,624	5,897,486	Remuneration of Councillors	18	6,249,538	4,341,717
		Bad debts			
150,000	100,000	Collection costs		61,600	0
		Amortisation of Intangible Assets		80,461	80,461
2,100,000	6,500,000	Depreciation		6,563,371	7,806,748
6,829,500	6,684,000	Repairs and maintenance		2,343,111	3,719,569
2,500,000	2,500,000	Interest paid	19	2,704,115	2,386,954
100,000	150,000	Contracted services		32,674	439,009
18,219,500	21,051,500	General expenses	24.7	19,187,029	18,058,157
100,000	150,000	Contribution to Reserves		476,097	838,621
1,000,000	2,000,000	Contribution to Capital		0	0
62,181,423	**74,648,500**	**Total Expenditure**		**64,214,764**	**62,654,335**
0	-	**Surplus/(Deficit) for the year**		**28,418,927**	**14,617,204**

Refer to Appendix E .1 for explanation of variances

uMSHWATHI LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2012

	Pre-GRAP Reserves and Funds	Non-distributable Reserves	Housing Development Fund	Capital Replacement Reserve	Revaluation Reserve	Accumulated Surplus	Total
	R	R	R	R	R	R	R
Balance at 30 June 2011	-	-	2,879,277	4,619,502		78,105,915	85,604,694
Adjust financials to agree to main ledger		-				-	-
	-	-	2,879,277			78,105,915	85,604,694
Implementation of GRAP	-	-	-	-		-	-
						-	-
	-	-	2,879,277	4,619,502	-	78,105,915	85,604,694
Surplus (deficit) for the year						28,418,927	28,418,927
Prior Year Adjustment						-	-
Reduction in Bad Debt Provision						-	-
Impairment							-
							-
	-	**-**	**2,879,277**	**4,619,502**	**-**	**106,524,842**	**114,023,621**

uMSHWATHI LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 R	2011 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers,government and other		92,062,553	77,342,044
Cash paid to suppliers and employees		(61,510,649)	(51,598,779)
Cash generated from (utilised in) operations	21	30,551,904	25,743,266
Interest received		571,138	381,768
Interest paid		(2,704,115)	(2,386,954)
NET CASH FROM OPERATING ACTIVITIES		28,418,927	23,738,080
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property,plant and equipment		(16,446,261)	(13,178,865)
Purchase of housing infrastructure		-	-
Proceeds on disposal of property,plant and equipment		-	-
(Increase) decrease in investment properties			
(Increase) decrease in non - current receivables		-	446,388
(Increase) decrease in working capital		(2,241,772)	(10,264,149)
(Increase) decrease in call investments		(4,951,448)	(495,164)
NET CASH FROM INVESTING ACTIVITIES		(23,639,481)	(23,491,790)
CASH FLOWS FROM FROM FINANCING ACTIVITIES			
New loans raised (repaid)/Other Capital Receipts		(4,511,535)	(645,096)
Increase (decrease) in consumer deposits		-	-
Increase (decrease) in short term loans			
NET CASH FROM FINANCING ACTIVITIES		(4,511,535)	(645,096)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		267,911	(398,806)
Cash and cash equivalents at the beginning of the year		323,645	722,452
Cash and cash equivalents at the end of the year		591,556	323,645
		267,910	(398,806)

uMSHWATHI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund		
Unappropriated Surplus		
Loans extinguished by Government on 1 April 1998	0	2,899,376
	2,879,277	2,899,376
The Housing Development Fund is represented by the following assets and liabilities		
Housing selling scheme loans (see note 13)	0	0
Housing rental and instalment debtors (see note 15)	1,799,083	1,307,631
Debtors - Department of Housing	165,332	165,332
Bank and cash	914,862	1,426,413
Sub - total	2,879,277	2,899,376
Creditors		
Total Housing Development Fund Assets and Liabilities	2,879,277	2,899,376
2 LONG TERM LIABILITIES		
Capitalised lease liability		
External loans	22,879,520	27,391,055
	22,879,520	27,391,055
Less current portion transferred to current liabilities	-2,725,713	-2,251,569
	20,153,807	25,139,486
Finance Lease Obligation		
Minimum Lease Payment Due		
- within 1 year	155,959	95,302
- within 2nd and 5th year inclusive	623,838	256,949
	779,797	352,250
Less future finance costs	(170,942)	(57,228)
	608,855	295,022
Present Value of minimum lease payments		
- within 1 year	121,771	70,711
- within 2nd and 5th year inclusive	487,084	224,311
	608,855	295,022

The lease term is 5 years. The finance charges is recognised as an expense in the statement of financial performance.
The leased assets is included in Property Plant and equipment in Note 6

	2012	2011
Net Long Term Liabilities		
External Loans	20,153,807	25,139,486
Finance Lease Obligation	487,084	224,311
	20,640,891	25,363,796
3 CREDITORS		
Trade creditors	1,068,183	199,066
Accrued interest - external loan	0	1,044,683
Staff leave	919,185	1,142,692
VAT provision	92,508	93,481
Payments in advance	165,504	68,154
Sundry loans	0	104,117
Retention payable	103,898	103,898
National Lottery	1,183,700	3,120,210
Deposits other	3,304	3,304
Other creditors	77,818	1,417,807
	3,614,100	7,297,412
4 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
4.1 Conditional grants from other spheres of government	118,143	3,926,208
Total conditional grants and receipts	118,143	3,926,208
MIG	0	0
District: Tourism		
General Grant	58,025	58,025
MAP	0	0
Housing Plan	60,118	66,901
DPLG	0	0
DoE	0	3,392,285
FMG	0	342,186
MSIG	0	66,811
	118,143	**3,926,208**
5 VAT		
VAT refundable	341,033	1,299,225

VAT is payable on the receipts basis

6 PROPERTY,PLANT AND EQUIPMENT

2012 | 2011

30-Jun-2011

Reconciliation of carrying value	Land and Buildings	Infrastr-ucture	Furniture & Equipment	Vehicles	Machinery & Tools	Total
Carrying value at 1 July 2011						
Cost	44,994,272	62,718,807	3,171,896	3,296,223	639,446	114,820,644
Revaluation	5,563,446	600,029	(665,622)	-		5,497,853
Accumulated depreciation						
- Cost	(4,654,658)	(24,100,907)	(1,941,878)	(2,552,515)	-517,436	(33,767,394)
- Revaluation	(1,241,195)	1,884,833	239,313	-		882,951
	44,661,865	41,102,762	803,709	743,708	122,010	87,434,054
Acquisitions	1,404,096	6,698,173	107,673	641,162	192,346	9,043,450
Capital under construction	7,402,811					7,402,811
Disposal: Cost						-
Disposal: Depreciation						-
Depreciation						
- based on cost	(1,606,526)	(4,317,197)	(152,202)	(344,109)	(143,337)	(6,563,371)
- based on revaluation						
Carrying value of disposals						
Cost/revaluation				(1,742,668)		(1,742,668)
Accumulated depreciation				1,406,469		1,406,469
Carrying value at 30 JUNE 2012						
Cost	53,801,179	69,416,980	3,279,569	2,194,717	831,792	129,524,237
Revaluation	5,563,446	600,029	(665,622)	1,406,469		6,904,322
Accumulated depreciation						
- Cost	(6,261,184)	(28,418,104)	(2,094,080)	(2,896,624)	-660,773	(40,330,765)
- Revaluation	(1,241,195)	1,884,833	239,313	-		882,951
	51,862,246	43,483,738	759,180	704,562	171,019	96,980,745

Reconciliation of carrying value	Land and Buildings	Infrastr-ucture	Furniture & Equipment	Vehicles	Machinery & Tools	Total
Carrying value at 1 July 2010						
Cost	43,021,516	53,667,382	2,599,832	3,296,223	639,446	103,224,399
Revaluation	5,563,446	600,029	(665,622)	-		5,497,853
Accumulated depreciation						-
- Cost	(3,609,938)	(18,225,324)	(1,668,737)	(2,025,119)	-431,528	(25,960,646)
- Revaluation	(1,241,195)	1,884,833	239,313	-		882,951
	43,733,829	37,926,920	504,786	1,271,104	207,918	83,644,557
Acquisitions	837,173	6,798,332	572,064	-		8,207,569
Capital under construction	1,135,583	3,835,714				4,971,297
Revaluation: Cost						-
Revaluation: Depreciation		(1,582,621)				(1,582,621)
Depreciation						
- based on cost	(1,044,720)	(5,875,583)	(273,141)	(527,396)	-85,908	(7,806,748)
- based on revaluation						
Carrying value of disposals						
Cost/revaluation						-
Accumulated depreciation						-
Carrying value at 30 JUNE 2011						
Cost	44,994,272	62,718,807	3,171,896	3,296,223	639,446	114,820,644
Revaluation	5,563,446	600,029	(665,622)	-	-	5,497,853
Accumulated depreciation						-
- Cost	(4,654,658)	(24,100,907)	(1,941,878)	(2,552,515)	(517,436)	(33,767,394)
- Revaluation	(1,241,195)	1,884,833	239,313	-	-	882,951
	44,661,865	41,102,762	803,709	743,708	122,010	87,434,054

Refer to Appendix B for more detail on property,plant and equipment

Assets Under Construction:	2012	2011
Electrification		3,835,715
Estezi Community Hall		126,811
Sports Centre		1,008,772
Office Extension	94,664	
Thusong Centre	5,015,328	
Staff Facilities	1,772,111	
Thokozane Creche	520,708	
	7,402,811	**4,971,298**

	2012	2011
7 INTANGIBLE ASSETS		
Software Licences and LAN Network		
Cost	321,844	321,844
Amortisation	-321,844	-241,383
	0	**80,461**

The software and network is being amortised over 5 years being its useful life

	2012	2011
8 LONG TERM RECEIVABLES		
Housing loans	0	0
Less: Short term portion transferred to Sundry Debtors	0	0
	0	-

9 CONSUMER DEBTORS

Balances at 30 June 2012	Gross balance	Provision for doubtful debts	Net balance
Service debtors	2,004,032	1,300,418	703,614
Rates	20,774,422	0	20,774,422
Housing	616,546		616,546
Other	22,008,147	11,722,567	10,285,580
Total	45,403,147	13,022,985	32,380,162
Balances at 30 June 2011			
Service debtors	1,608,837	1,300,418	308,419
Rates	21,374,407	0	21,374,407
Housing	642,028		642,028
Other	19,300,686	11,722,567	7,578,119
Total	42,925,958	13,022,985	29,902,973

Rates: Ageing	2012	2011
Curent (0 - 30 days)	1,502,979	1,468,206
31 - 60 days	883,198	933,237
61 to 90 days	795,631	844,393
91 - 120 days	741,615	814,865
121 days and over	16,850,999	17,313,706
Total	20,774,422	21,374,407

	2012	2011
Refuse and other : Ageing		
Current (0 - 30 days)	756,234	682,974
31 - 60 days	716,443	694,635
61 to 90 days	694,345	669,708
91 - 120 days	676,564	639,338
121 days and over	21,785,138	18,864,896
Total	24,628,724	21,551,551
	45,403,146	42,925,958

An estimate is made of doubtful debts based on a review of all outstanding debtors at year end. Interest is charged on individual debtor accounts once they go into arrears. The current provision is considered adequate since the bulk of the debtors are rates debtors and Government departments.

10 OTHER DEBTORS

	2012	2011
District Municipality	220,204	220,204
Thokazane housing	1,438,745	1,438,745
Other	0	0
Department of Housing	165,332	165,332
Accrued Interest	49,761	31,292
Other	452,716	444,345
Total other debtors	2,326,758	2,299,917
less: Provision for doubtful debts	0	-
	2,326,758	2,299,917

11 CALL INVESTMENT DEPOSITS

	2012	2011
Other deposits	8,623,989	3,672,541
	8,623,989	3,672,541

Investments are 32 day and /or 90 day money market accounts. A call account is also held in which the equitable share is transferred when received. Funds are transferred from the call account as and when required.

12 BANK,CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Current account (Primary bank account)

First National Bank -
Account number - 62025429232

	2012	2011
Cash book balance at beginning of year (overdrawn)	321,300	720,106
Cash book balance at end of year	589,210	321,300
Bank statement balance at beginning of year	307,931	717,820
Bank statement balance at end of year	485,147	307,931

	2012	2011
13 PROPERTY RATES		
Actual		
Agricultural	3,590,663	3,590,663
Residential	2,861,290	2,861,290
Commercial	1,318,142	1,318,142
Public service infrastructure	3,153,592	3,153,592
State	664,186	664,186
Other		
Total assessment rates	11,587,873	11,587,873
Valuations		
Agricultural	1,815,124,000	1,815,124,000
Residential	264,634,000	264,634,000
Commercial	161,170,000	161,170,000
Public service infrastructure	425,861,000	425,861,000
State	44,007,000	44,007,000
Other	13,353,000	13,353,000
Total property valuations	2,724,149,000	2,724,149,000

The comparative figure for the rates income has been restated to take into account the reduction in rates income after the adjustments for successful objections.

	2012	2011
14 SERVICE CHARGES		
Refuse removal	1,480,958	1,398,935
	1,480,958	1,398,935
15 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	49,180,000	41,165,122
Clinic subsidy	210,076	1,479,596
Conditional grants utilised	21,269,065	12,943,808
	70,659,141	55,588,526
Refer Appendix F		
16 OTHER INCOME	263,417	230,592
Fees: Photocopies	12,358	11,938
Fees: Rates Clearance	11,652	4,389
Library Fines	691	1,705
Interest: Current Account	12,583	27,381
Fees	20,793	13,213
Community Hall	31,656	16,765
Maintenance	116,864	126,422
Cemetery	5,522	9,868
Postal Service	51,298	18,911
Sundry		
	263,417	230,592

17 EMPLOYEE RELATED COSTS

	2012	2011
Employee related costs - salaries and wages	19,467,943	18,393,435
Employee related costs - contributions to UIF,pension and medical costs	3,684,296	3,537,817
Travel,vehicle,accommodation,subsistence and other allowances	1,106,182	1,088,972
Housing benefits and allowances	95,764	210,395
Overtime payments	569,848	409,607
Bonus	1,028,025	942,122
Skills Levy/Protective Clothing/Bargaining Council	564,709	400,751
Sub-total	26,516,767	24,983,099
Less:Employee costs allocated to Property.Plant and Equipment		
Less:Employee costs included in other expenses		
Total employee related costs	26,516,767	24,983,099

There were no loans to employees.

Remuneration of the Municipal Manager	2012	2011
Annual remuneration	625,806	583,761
Bonus		
Car allowance	127,200	127,200
Contributions to Medical and Pension Funds and UIF	112,833	105,252
	865,839	816,213

Remuneration of the Chief Financial Officer	2012	2011
Annual remuneration	506,503	471,057
Bonus	15,000	15,000
Car allowance	96,000	96,000
Contributions to Medical and Pension Funds	943	943
	618,446	583,000

Remuneration of other managers

30-Jun-2011	Corporate Services	Technical Services	Community Services
Annual remuneration	459,612	351,214	397,865
Bonus			13,250
Car allowance	65,088	86,647	74,794
Contributions to Medical and Pension Funds		86,839	38,791
	524,700	524,700	524,700
30-Jun-2012			
Annual remuneration	491,514	378,243	426,932
Bonus			13,250
Car allowance	65,088	86,647	74,794
Contributions to Medical and Pension Funds		91,712	41,626
	556,602	556,602	556,602

18 REMUNERATION OF COUNCILLORS

	2012	2011
Mayor	630,734	572,109
Deputy Mayor	362,329	254,873
Speaker	362,329	254,873
Executive committee members	1,021,671	499,189
Councillors	3,872,475	2,760,673
	6,249,538	4,341,717

Being a full time councillor the Mayor has the use of an office and a mayoral vehicle for official duties

	2012	2011
19 INTEREST PAID		
External loans	2,704,115	2,386,954
Operating Lease Payments	0	321,732
Finance leases	0	57,228
	2,704,115	2,765,914

Operating Leases - Rental: Copiers

The municipality has recognised the leases on photocopiers as operating leases and recognised the contractual payments as expenses.

	2012	2011
Operating Lease Commitments:		
- within 1 year	274,857	249,870
- within 2nd and 5th year inclusive	523,142	475,584

20 PRIOR PERIOD ERRORS

	2012	2011
Overprovision of expenditure:		
S&T: 8 407.00; Stationery: 6 828.00; R&M: 1 178.00	0	16,413

Restatement of Long Term Liabilities due to recognising the financing of the Mayor's vehicle as a Finance Lease.

External Loans
Original Amount
Restated Amount

Finance Lease Obligation
Original Amount
Restated Amount

Accumulated Surplus
Original Amount
Restated Amount

21 CASH GENERATED BY OPERATIONS

	2012	2011
Surplus (deficit) for the year	28,418,927	14,617,204
Deficit - Housing operating account		
Ajjustment for :		
Prior year		
Depreciation	6,563,371	7,806,748
Reversal of Water Debtors	0	0
Contributions to provisions- non-current		
Contributions to provisions - current		
Contributions to bad debt provision		
Investment income	-571,138	-381,768
Interest paid	2,704,115	2,386,954
Operating deficit before working capital changes	37,115,275	24,429,138
(increase) decrease in consumer debtors	-2,477,190	-
(increase) decrease in other debtors	-26,840	-
(increase) decrease in VAT debtor	958,192	-
Increase (decrease) in conditional grants and receipts	3,808,065	-
Increase (decrease) in creditors	-3,683,313	-
(increase) decrease in current portion of long term debtors	0	-
	35,694,190	24,429,138

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts:

	2012	2011
Bank balances and cash	2,346	2,346
Cash on Hand	589,210	321,300
	591,556	323,645

23 RELATED PARTY TRANSACTIONS

23.1 The wife of Councillor M.J. Mkhize has an interest in Silver Stars, the service provider performing the grass cutting function in New Hanover. 359,775

24.7 General Expenses: Detail

	2012	2011
Advertisements	318,201	201,723
Arts and Culture	14,700	82,475
Audit Fee: External	912,893	829,218
Bank Charges	73,443	75,280
Bursaries	0	9,357
Chemicals and Oil Dispersants	10,322	11,166
Communication: Budget Process	32,230	440,450
Conferences & Semnars	569,771	438,711
Crime Prevention	57,393	4,447
EAP	21,699	0
Entertainment	2,000	
FBS & FBE	765,753	750,360
HIV/AIDS	12,902	46,198
Hospitality/Mayor's Outreach Program	28,170	143,287
Housing Plan	91,700	0
IDP Review	146,834	551,584
Information Technology	1,464,537	821,305
Insurance	402,568	253,704
Internal Audit	0	243,528
Law Enforcement	56,778	123,527
LED Projects	1,482,876	1,858,705
Legal Expenses/Bylaws	228,390	292,595
Machinary Costs	0	284
Materials	211,158	138,457
Medical Supplies	98,559	53,526
Office Equipment	0	4,415
Pauper Burials	71,453	93,672
Plant Hire	107,600	43,450
Postage & Stamps	139,882	66,202
Printing and Stationery	264,526	331,704
Purchases: Electricity	920,100	723,552
Refreshments	184,223	205,996
Refuse Removal	1,288,497	876,604
Rental: Copiers	587,073	321,732
Road Signs	7,140	33,183
Security	1,181,676	1,115,279
Small Scale Disasters	31,547	75,945
Social Empowerment	98,985	156,266
Special Projects	515,729	505,669
Sports Promotion	935,980	389,380
Subscriptions	176,082	165,547
Subsistance and Travelling	1,346,608	749,527
Sundries	26,463	17,547
Telephones	1,241,093	1,079,682
Tools	16,258	25,067
Towing of Vehicles	350	2,355
Town Planning	50,577	69,862
Training	552,726	765,963
Transport/Vehicle Cost	1,716,074	1,437,275
Valuation Fees	17,959	1,208,801
Ward Committees	463,129	71,791
Water Quality Monitoring	5,000	3,033
Workmans Compensation	616	50,190
Youth Desk	236,808	155,810
	19,187,030	**18,115,385**

25 CAPITAL COMMITMENTS

	2012	2011
Commitments in respect of capital expenditure:		
- approved and contracted for		
Infrastructure	16,250,000	8,500,000
Community	2,300,000	
- approved but not yet contracted for		
Infrastructure	11,610,000	23,335,000
Land and buildings	0	1,150,000
Community	0	500,000
	30,160,000	33,485,000
This expenditure will be financed from		
- capital replacement reserve	2,001,000	0
- government grants	18,404,000	33,485,000
Revenue	9,755,000	0
	30,160,000	33,485,000

26 RETIREMENT BENEFIT INFORMATION

Certain Councillors and Certain employees belong to defined benefit plan of the Natal Joint Superannuation and Retirement funds, and theMunicipal Councillors'Pension Fund. Employees of uMshwathi make up less 1 % of the total members of the funds. uMshwathi's liability in these funds could not be determined owing mainly to the the assets not being allocated to each Municipality and one set of financials being prepared for each fund and not per municipality. These funds are subject to a triennial acturial valuation. The last valuation was performed in 2005.

	2012	2011
Current Year's Contribution	4,065,830	4,252,064

26.1 SUPERANNUATION FUND

The actuarial value of total assets was R121,7 million more than the actuarial value of the liabilities for service of members to that date and for pensioners, made up as follows

26.1.1. surplus of R 210 million in respect of pensioners (funding level 119,4%)
26.1.2. deficit of R 88,3 million in respect of members (funding level 95 %)
26.1.3. the fund was thus 104,3% funded
26.1.4. the fund did not hold an investment reserve.
26.1.5. the total contribution rate payable, including the surcharge by and on behalf of members, exceeded that required for future service by 1,41% of member's pensionable emoluments
26.1.6. An additional contribution by way of a surcharge amounting to 6% of salaries is currently in place to fund the deficit.This surcharge will reduce to 4,5 per cent with effect from 1 July 2007.

26.2 RETIREMENT FUND

The actuarial value of total assets was R140,9 million less than the actuarial value of the liabilities for service of members to that date and for pensioners, made up as follows

26.2.1. surplus of R63,4 million in respect of pensioners (funding level 116,2%)
26.2.2. deficit of R204,3 million in respect of members (funding level 73,0%)
26.2.3. the fund was thus 87,7% funded
26.2.4. the fund did not hold an investment reserve
26.2.5. the total contirbution rate payable (including the surcharge of 14% payable jointly by pre-1 July 2002 members and by employers on their behalf) exceeded that required for future service by 12,59% of members pensionable emoluments.This should be sufficient to eliminate the deficit by 2010 provided that salary increases do not exceed CPIX plus 0,5 %.

	2012	2011
27 CONTINGENT LIABILITIES		
The following cases are still pending involving the municipality:		
Promac Consulting This amount is for cosulting fees for a project which was neve initiated and the municipilaity is of the opinion that it is not liable for this cost.	0	609,878
Siyabonga Protection This is for an objection raised by Siyabonga Protection on the award of a security tender.	60,000	60,000
CSM Consulting This matter is for a claim for work done on a housing project. Any amount paid by the municipality is claimed back from the Department of Human Settlement.	0	100,000

28 IRREGULAR EXPENDITURE

			2012	2011
			0	-

Three quotations were not obtained for the following expenditure:

			2012	2011
Repairing of Stormwater	Grapeseed Trading	Req 12313	38,152	
Burglar Guards	Singabenkosi Construction	Req 11482	29,998	
Strategic Planning Facilitation	Mvelo Consultants	Req 11812	51,300	
Assistance in finalising Vietnam arrangemens	BNM Technology	Req 12462	99,350	
Preparation for Mass Funeral: Hire of TLB	L.T. Earthmovers	Req 13617	16,758	
Preparation for Mass Funeral: Painting of Thokozane Hall	Tom Master Skills	Req 12282	40,858	
Preparation for Mass Funeral: Base Crush Run	Coco Haven	Req 13630	27,900	
Preparation for Mass Funeral: Electrical Wiring - Hall	Magalela Electrical	Req 13632	28,348	
Year end Lunch	Albert Falls Game Reserve	Req 13798	13,500	
Décor and Sound - Year end Lunch	In-well Products	Req 14533	10,000	
			356,164	-

Note 29

Reconciliation of Actual and Budget Information

Details	Original Budget	Adjustments (S 28)	Final Budget	Actual	Unauthorised Expenditure	Variance	Actual as % of Final Budget	Actual as % of Original Budget
Revenue								
Property Rates	12,350,000.00	-570,000.00	11,780,000.00	9,352,617.00		-2,427,383.00	79.39%	75.73%
Service Charges	1,400,000.00	50,000.00	1,450,000.00	1,480,958.00		30,958.00	102.14%	105.78%
Investment Revenue	0.00	300,000.00	300,000.00	571,138.00		271,138.00	190.38%	0.00%
Grants: Operational	49,180,000.00	0.00	49,180,000.00	51,830,073.00		2,650,073.00	105.39%	105.39%
Other Revenue	9,484,500.00	2,454,000.00	11,938,500.00	29,398,905.00		17,460,405.00	246.25%	309.97%
	72,414,500.00	**2,234,000.00**	**74,648,500.00**	**92,633,691.00**	**0.00**	**17,985,191.00**	**7.24**	**5.97**
Expenditure								
Employee Costs	29,015,514.00	600,000.00	29,615,514.00	26,516,768.00		-3,098,746.00	89.54%	91.39%
Councillor Allowances	5,797,486.00	100,000.00	5,897,486.00	6,249,538.00		352,052.00	105.97%	107.80%
Depreciation	6,500,000.00	0.00	6,500,000.00	6,563,371.00		63,371.00	100.97%	100.97%
Interest Paid	2,500,000.00	0.00	2,500,000.00	2,704,115.00		204,115.00	108.16%	108.16%
Repairs and Maintenance	6,739,000.00	-55,000.00	6,684,000.00	2,343,111.00		-4,340,889.00	35.06%	34.77%
Other Expenditure	21,862,500.00	1,589,000.00	23,451,500.00	19,837,861.00		-3,613,639.00	84.59%	90.74%
	72,414,500.00	**2,234,000.00**	**74,648,500.00**	**64,214,764.00**	**0.00**	**-10,433,736.00**	**5.24**	**5.34**
Surplus/Deficit	**0.00**	**0.00**	**0.00**	**28,418,927.00**	**0.00**	**28,418,927.00**		
Capital Recognised (Included in Other Revenue)				18,563,285.00	Budgeted Surplus	0.00		

APPENDIX A
uMSHWATHI LOCAL MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AT 30 JUNE 2012

EXTERNAL LOANS	Loan Number	Interest rate	Redeemable	Balance at 2011/06/30	Received during the year	Redeemed or written off during the year	Balance at 2012/06/30	
				R	R	R	R	
ANNUITY LOAN								
FIRST NATIONAL BANK		Prime less 1,00 %	2018/03/31	9,351,642	0	883,817	8,467,825	
DEVELOPMENT BANK		9,4 %		18,039,413	0	3,627,718	14,411,695	
TOTAL EXTERNAL LOANS				27,391,055	0	4,511,535	22,879,520	0

APPENDIX B

uMSHWATHI LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY,PLANT AND EQUIPMENT AT 30 JUNE 2012

	Cost/ Revaluation					Accumulated Depreciation				Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Disposal	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
Land and Buildings											
Land	12,807,994	50,000			12,857,994	825,953			825,953	12,032,041	0
Buildings	36,167,101	1,354,096	7,402,811		44,924,008	5,069,900	1,606,526		6,676,426	38,247,583	9,461,000
Dams and boreholes	0				0	0			0	0	0
	48,975,096	1,404,096	7,402,811	0	57,782,003	5,895,853	1,606,526	0	7,502,379	50,279,624	9,461,000
Infrastructure											
Electrification reticulation	7,457,881	3,257,227			10,715,108	0			0	10,715,108	0
Sewer reticulation	0				0	0			0	0	0
Construction works	57,443,576	3,440,946			60,884,522	22,216,074	4,317,197		26,533,271	34,351,251	7,950,000
	64,901,457	6,698,173	0	0	71,599,630	22,216,074	4,317,197	0	26,533,271	45,066,359	7,950,000
Other Assets											
Office and computer equipment	763,782	107,673			871,455	854,909	16,280		871,189	266	0
Furniture and fittings	1,603,572				1,603,572	771,458	135,922		907,380	696,192	0
Tools	71,889				71,889	64,968	3,289		68,257	3,632	0
Motor vehicles and major equipment	3,296,223	641,162		1,742,668	2,194,717	2,552,515	344,109	1,406,469	1,490,155	704,562	0
Machinery	429,539	192,346			621,885	315,184	137,154		452,338	169,547	0
Air conditioners	138,920				138,920	76,198	2,460		78,658	60,262	0
Other	138,018				138,018	137,284	434		137,718	300	0
	6,441,943	941,181	0	1,742,668	5,640,456	4,772,516	639,648	1,406,469	4,005,695	1,634,761	0
Total	**120,318,496**	**9,043,450**	**7,402,811**	**1,742,668**	**135,022,089**	**32,884,443**	**6,563,371**	**1,406,469**	**38,041,345**	**96,980,744**	**17,411,000**
Intangible Assets	321,844				**321,844**	241,383	80,461		**321,844**	**0**	
Total	**120,640,340**	**9,043,450**	**7,402,811**	**1,742,668**	**135,343,933**	**33,125,826**	**6,643,832**	**1,406,469**	**38,363,189**	**96,980,744**	

APPENDIX C

uMSHWATHI LOCAL MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY,PLANT AND EQUIPMENT AT 30 JUNE 2012

	Cost/ Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposal	Closing Balance		Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	14,269,502	798,835	1,866,775	1,742,668	15,192,444		1,209,770	639,648	1,406,469	442,949	14,749,495
Finance and Admin	18,158,112				18,158,112		5,169,623			5,169,623	12,988,489
Health	72,820				72,820		72,819			72,819	1
Community & Social Services	25,323,430	4,611,323	5,536,036		35,470,789		4,247,213	1,606,526		5,853,739	29,617,050
Public Safety	852,806				852,806		527,040			527,040	325,766
Waste Management	675,729				675,729		82,806			82,806	592,923
Road Transport	59,824,349	3,440,946			63,265,295		20,440,503	4,317,197		24,757,700	38,507,595
Water	0				0		0			0	0
Other	1,141,748	192,346			1,334,094		1,134,668			1,134,668	199,426
	120,318,496	9,043,450	7,402,811	1,742,668	135,022,089		32,884,443	6,563,371	1,406,469	38,041,345	96,980,744
Intangible Assets	321,844				321,844		241,383	80,461		321,844	0
	120,640,340	9,043,450	7,402,811	1,742,668	135,343,933	0	33,125,826	6,643,832	1,406,469	38,363,189	96,980,744

APPENDIX D

uMSHWATHI LOCAL MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

2011	2011	2011		2012	2012	2012
Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R		Actual Income R	Actual Expenditure R	Surplus/ (Deficit) R
56,275,572	28,317,157	27,958,415	Executive and Council	61,332,120	30,796,926	30,535,194
5,009,960	17,256,753	(12,246,793)	Finance and Admin	8,924,605	14,783,602	(5,858,997)
		-	Planning and Development			-
1,479,596	201,173	1,278,423	Health	210,076	270,892	(60,816)
2,015,660	5,374,273	(3,358,613)	Community & Social Services	2,080,676	6,001,254	(3,920,578)
		-	Housing			-
121,255	216,581	(95,326)	Public Safety	41,971	206,122	(164,151)
		-	Sport and Recreation			-
		-	Environmental Protection			-
1,398,935	906,870	492,065	Waste Management	1,480,958	1,479,869	1,089
10,970,560	10,381,528	589,032	Road Transport	18,563,285	10,676,099	7,887,186
		-	Water			-
-	-	-	Other	-	-	-
		-				
77,271,538	**62,654,335**	**14,617,203**	**Sub - total**	**92,633,691**	**64,214,764**	**28,418,927**
			Less : Inter departmental charges			
77,271,538	62,654,335	14,617,203		92,633,691	64,214,764	28,418,927

APPENDIX E (1)

uMSHWATHI LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual R	2012 Budget R	2012 Variance R	2012 Variance %	Explanation of significant variances
REVENUE					
Property rates	9,352,617	11,780,000	(2,427,383)	(21)	The drop in income is due to the under budgeting of the rebates given
Property rates - penalties imposed and collection charges	873,068	890,000	(16,932)	(2)	
Service charges	1,480,958	1,450,000	30,958	2	
Rental of facilities and equipment	152,434	140,000	12,434	9	
Interest earned - external investments	571,138	300,000	271,138	90	The budgeted interest was very conservative.
Interest earned - outstanding debtors	7,455,037	6,500,000	955,037	15	The large increase is due to the increase in debtors.
Fines	41,280	101,000	(59,720)	(59)	This is as result of non payment of traffic fines. Initiatives have been taken to recover outstanding fines
Licences and permits	1,876,463	1,825,000	51,463		
Income for agency services	0		-		
Government grants and subsidies	51,830,073	51,470,000	360,073	1	
Other income	263,417	192,500	70,917	(37)	
MIG Funds	18,563,285	0			
Gain on disposal of property,plant and equipment	173,921	-	173,921		
Total Revenue	92,633,691	74,648,500	(578,094)	(1)	
EXPENDITURE					
Employee related costs	26,516,768	29,615,514	(3,098,746)	(10)	All budgeted posts were not filled.
Remuneration of Councillors	6,249,538	5,897,486	352,052	6	The MEC approved the EXCO members to be full time
Bad debts			-		
Collection costs	61,600	100,000	(38,400)	(38)	The consultant involved in debt collection resigned during the year
Amortisation of Intangible Assets	80,461				
Depreciation	6,563,371	6,500,000	63,371	1	
Repairs and maintenance	2,343,111	6,684,000	(4,340,889)	(65)	Certain work that was budgeted as maintenance was converted to capital expenditure
Interest paid	2,704,115	2,500,000	204,115	8	
Contracted services	32,674	150,000	(117,326)	(78)	The use of consultants was limited during the year.
Grants and subsidies paid	0		-		
General expenses	19,187,029	21,051,500	(1,864,471)	(9)	Certain expenditure that was budgetd for were not incurred.
Contribution to Reserves	476,097	150,000	326,097	217	The leave reserve was increased to provide for the minimum leave days staff are allowed to encash.
	0	2,000,000			
Total Expenditure	64,214,764	74,648,500	(8,514,197)	(11)	
Surplus (Deficit) for the year	28,418,927	-	7,936,103		

APPENDIX E (2)

uMSHWATHI LOCAL MUNICIPALITY : ACTUAL VERSUS BUDGET(ACQUISITION OF PROPERTY.PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2012

	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance	Explanation of significant variances
	R	R	R	R	R	%	
Infrastructure	3,257,227	0	3,257,227	0	3,257,227		The project was a carry over project from 2011
Construction works	3,440,946	0	3,440,946	7,950,000	(4,509,054)	(57)	Most of the roads projects are at the planning stage and
	6,698,173	0	6,698,173	7,950,000	-1,251,827	(16)	contractors were only appointed towards the latter part of the year.
Community Assets							
Land	50,000	0	50,000	0	50,000		
Buildings	1,354,096	7,402,811	8,756,907	9,461,000	(704,093)	(7)	
	1,404,096	7,402,811	8,806,907	9,461,000	-654,093	(7)	
Other Assets							
Office and accounting machines	107,673		107,673	0	107,673		
Furniture and fittings	0		0	0	-		
Radios	0		0		-		
Machinery	192,346		192,346	0	192,346		Minor plant and machinery was required urgently
Tools	0		0		-		
Air conditioners	0		0		-		
Vehicles	641,162		641,162		641,162		The Mayoral vehicle was becoming to costly to maintain
Other				0			and needed to be replaced
	941,181	0	941,181	0	941,181		
Total	**9,043,450**	**7,402,811**	**16,446,261**	**17,411,000**	**(964,739)**	(6)	

APPENDIX F

UMSHWATHI LOCAL MUNICIPALITY - DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, ACT 56 OF 2003

Description	Name of organ of State	Unspent balance at 1 July 2011	Received 2011/2012	Expenditure 2011/2012	Transfer 2011/2012	Unspent balance at 30 June 2012	Grants delayed/ withheld	Reason for delaying/ withholding funds	Compliance with grant conditions	Reason for non-compliance
		R	R	R	R	R	R		YES/NO	
MIG		0	15,171,000	(15,171,000)	0	0			YES	
GRANTS - GENERAL		58,025				58,025			YES	
MSIG		66,811	790,000	(856,811)		0			YES	
HOUSING PLAN		66,901		(6,783)		60,118			YES	
DEPT OF ENERGY		3,392,285		(3,392,285)		0			YES	
FINANCE MANAGEMENT		342,186	1,500,000	(1,842,186)		0			YES	
		3,926,208	17,461,000	(21,269,065)	0	118,143				